



North

Yorkshire County Council

Children and Young People's Service

Stuart Carlton
Corporate Director - Children and Young People's Service

Your ref:

Howard Emmett
Assistant Director – Strategic Resources
County Hall, Northallerton

Our ref:

North Yorkshire, DL7 8AE

Contact: Howard Emmett

Tel: 01609 532118
Fax: 01609 532426
E-mail: howard.emmett@northyorks.gov.uk
Web: www.northyorks.gov.uk

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Dear Colleague

Revenue Budget 2020/2021

School revenue budgets for 2020/21 have been issued today via anycomms.

The key points to note in relation to the main school funding formula for 2020/21 are:

- **The Minimum Funding Guarantee is +1.84%**
- **There is no cap on funding gains**
- **The formula factor values are based on the DfE National Funding Formula (NFF) values with the exception of the Lump Sum and Primary Low Prior Attainment (PLPA)**
- **The 2020/21 Lump Sum value is £119,885 which is £5,485 higher than the NFF value of £114,400 (please see further detail below)**
- **The 2020/21 PLPA formula factor value is £1,206 compared to the NFF value of £1,065 (please see further detail below)**
- **The mandatory minimum per pupil level funding values of £3,750 for primary schools and £4,000 for secondary schools have been applied.**
- **No funding transfer from School budgets to the High Needs budget**

2020/21 School Budgets

In September 2019, Gavin Williamson MP, Secretary of State for Education, made an education funding announcement to the House of Commons that in excess of £14bn additional funding over three years would be made available:

“We are allocating funding so that every school's per pupil funding can rise at least in line with inflation and to accelerate gains for areas of the country which have been historically underfunded, with most areas seeing significant gains above inflation. We will ensure that all schools are allocated their gains under the formula in full next year by removing the cap on

gains that underfunded schools have seen over the past two years. This underpins our historic reforms to the overall schools funding system, so that a child with the same needs benefits from the same funding, wherever they live in the country.”

The table below details the national funding increase for the next 3 years:

Year	Additional Annual Amount	Cumulative Annual Amount	Cumulative Cash Amount
2020-21	£2.6bn	£2.6bn	£2.6bn
2021-22	£2.2bn	£4.8bn	£7.4bn
2022-23	£2.3bn	£7.1bn	£14.5bn

The additional investment includes £780m to support children with SEND. An additional £400m has also been announced for 16-19 education.

The Government also confirmed that £1.5bn per annum would be available to continue additional pension costs for teachers as a result of the recent revaluation and determination of employer contributions.

The Government have indicated their intention to move to a national funding formula “as soon as possible”.

The 2020/21 PLPA funding quantum, based on the NFF formula factor value, was significantly lower than the PLPA funding quantum for 2019/20 due to the first cohort of pupils who were assessed under the new process introduced in the 2012/13 academic year moving into secondary school in Autumn 2019. Nationally, this cohort had higher levels of Low Prior Attainment than succeeding cohorts resulting in the Low Prior Attainment rate for the pupils in school in Autumn 2019 tending to be lower than in the previous year. In order to avoid funding turbulence, the DfE steer is to increase the PLPA formula factor value in order to achieve the same overall PLPA funding quantum value for 2020/21 as the 2019/20 financial year. NYCC has adopted this approach with a higher PLPA factor value than the NFF value.

The Growth Funding element of the DfE Dedicated Schools Grant funding allocation for the 2020/21 financial year is higher than the estimated allocation needed to be retained centrally by NYCC for this purpose. This has enabled additional “one-off” funding to be provided to schools through the funding formula. The Schools Forum endorsed an approach of allocating this funding through an equal amount to each school via the Lump Sum formula factor. The NFF lump sum value has been increased by £5,485 to £119,885 from the NFF value of £114,400 for the 2020/21 financial year only. At this stage, there is no guarantee that this funding will be available beyond the 2020/21 financial and the additional allocation should be treated as one off funding.

Overall, the additional funding announcement is very welcome and reflects the level and intensity of lobbying of individual authorities, including North Yorkshire, as well as campaign groups like f40 who have made a detailed and evidence-based argument for an improved funding settlement for the education sector. Ian Yapp, Chair of the North Yorkshire Schools Forum, has also written to government ministers in DfE and HCLG as well as to all of North Yorkshire’s MPs setting out concerns about school funding and high needs funding in particular (letter attached). Please do take the time to read this letter and please share with your Governing Bodies.

High Needs financial pressures in North Yorkshire are well documented with a 68% increase in the number of children and young people assessed as requiring an Education, Health and Care Plan (EHCP) since 2015. A copy of the LA's response to the call for evidence on High Needs from the Education Select Committee in 2019 is also attached for your information. This provides a further overview of some of the issues around high needs funding.

Increases in demand have led to a projected £8m underlying overspend in the financial year 2019 to 2020. Despite additional 11% funding allocations from DfE for the financial year 2020 to 2021, this has been insufficient to address the funding gap and the local authority will continue to subsidise the DfE funding shortfall in the short-term. It is in this context that the local authority applied for a 0.5% transfer from Schools Block to High Needs Block on a one-off basis for 2020/21. The DfE did not support the block transfer for the financial year 2020 to 2021.

The issue of financial sustainability in the High Needs Block remains and the local authority will continue to examine ways in which this can be addressed in the absence of future funding certainty from DfE. We will continue to lobby for a fairer funding deal for North Yorkshire schools.

De-Delegated Funding

The North Yorkshire Schools Forum approved the continued de-delegation of Unreasonable School Expenditure, Schools in Financial Difficulty (including a contribution to the School Redundancy Support budget) and Trade Union (PAFA) costs for 2020/21. The 2020/21 budgets for these de-delegated services are as follows:

	£k
Schools in Financial Difficulty	660
Unreasonable School Expenditure	57
Trade Union Costs	111

Central Schools Services Block (CSSB)

This Central School Services funding block covers services which are not delegated school responsibilities. These services support LA-maintained schools and academies alike. The Council has decided not top-slice school budgets to fund any central services for LA-maintained schools – although this is allowed under regulations.

The following services are funded from the CSSB:

- Strategic Management Costs, including planning for the education service as a whole
- Revenue budget preparation, monitoring, internal and external audit, funding to schools
- Consultation costs
- Plans involving other LA services
- SACRE
- School attendance and exclusion issues
- Employment of children
- Capital programme
- Landlord responsibilities
- School Admissions
- Places in independent schools (non-SEN)
- Servicing of Schools Forum

- Back-pay for equal pay claims
- Contribution to combined budgets

High Needs Funding

The High Needs funding allocations which form part of your budget (sometimes known as Element 3) are expected to be finalised by mid-March.

Early Years Funding

On the 31st October 2019, the DfE announced an increase in the early years' local authority funding rate for the 2020/21 financial year. The funding rate for three and four year olds in North Yorkshire will increase by 8p per hour from £4.30 per hour to £4.38 per hour. The level of funding for disadvantaged two year olds will also increase by 8p per hour from £5.20 per hour to £5.28 per hour. There is no increase in the level of the early years' pupil premium and the disability access funding.

A funding consultation was undertaken in late Autumn 2019 / early Spring 2020 to consider options for the distribution of the funding increase for 3 and 4 year olds. The North Yorkshire Schools Forum considered the results of the consultation and Option 1 has been approved as follows:

Option 1
Base Rate increases from £4.01 to £4.09
Deprivation rates remain unchanged at Band A 54p, Band B 7p, Band C 4p, Band D 0p

The early years funding rates for 2020/21 are as follows:

Funding Category:	Amount
3 & 4 Year Old Funding – Universal & Extended Entitlement	£4.09 per hour
Disadvantaged 2 Year Old Funding	£5.28 per hour
Deprivation Funding Supplement: Band A – IMD Score >34.17 Band B – IMD Score >20<34.17 Band C – IMD Score >10<20 Band D – IMD Score <10 (IMD score based on the postcode of the child)	£0.54 per hour £0.07 per hour £0.04 per hour £0.00 per hour
Early Years Pupil Premium (applicable to Universal hours only)	£0.53 per hour
Disability Access Funding (children in receipt of child disability living allowance)	£615 per year
Sparsity funding supplement	On application

The Early Years 2020/21 indicative funding statements will be issued to schools by the end of March 2020.

Preparation of your School's Start Budget

In preparing your 2020/21 Start Budget and future financial forecasts schools are advised to consider the following:

- The additional £5,485 funding included within the formula lump sum for 2020/21 is treated as one-off funding and the lump sum for future years is assumed to be the NFF value of £114,400
- The impact of pay award and inflationary pressures on budget projections.
- The requirement for schools to repay any accumulated budget deficits.

Your FMS Support Officer will be able to provide advice and assistance in preparing your 2020/21 Start Budget and future financial forecast. If you are in the position where you are considering setting a budget for 2020/21 with a cumulative revenue deficit, please be aware that this will require approval which will be conditional upon the receipt of an appropriate recovery plan.

If you require any clarification or advice about how your school budget has been calculated please contact the Finance Enquiry Service by completing the on line form available at <https://wa5.northyorks.gov.uk/eforms/fes/preReg> or by ringing 01609 797601

Yours sincerely



Howard Emmett
Assistant Director – Strategic Resources

Appendix 1

Additional Information re 2020/21 Budget Allocations

Budget Statements

Part 1 – this shows the following:

- your delegated budget, detailed by each funding factor.
- the amount calculated by the funding formula before MFG is applied
- your funding allocation net of MFG
- de-delegated funding and which activities this is funding
- the amount of delegated funding which relates to Element 2
- the ORACLE codes for the delegated funding and de-delegated amounts

It does not include Element 3 High Needs Funding, Early Years Funding or Sixth Form Funding.

Part 2 – this shows how the MFG has been calculated.

Part 3 – Pupil Premium indicative allocation

Part 4 – To follow - Element 3 Top up funding for individual pupils with an EHCP/Statement

Early Years indicative budget statements will be issued separately via Anycomms before the end of March 2020.

Other Information

Pupil Premium

Pupil Premium is based on the January census.

In 2020/21 schools will receive the following funding for each child registered as eligible for free school meals at any point in the last 6 years:

- £1,345 for primary-aged pupils
- £955 for secondary-aged pupils

The Service Premium remains unchanged at £310 and is payable for each child recorded on the latest January census either as:

- a Service Child for the first time; or
- that was eligible for the Service Child Premium in the previous five years (Ever6).
- is in receipt of pensions under the Armed Forces Compensation Scheme (AFCS) and the War Pensions Scheme (WPS); or
- was previously eligible but whose parents are either no longer in the armed forces or who are divorced.

Schools will receive an increased rate of £2,345 for each child who:

- has been adopted from care; or
- has left care under:
 - a special guardianship order
 - a child arrangement order (previously known as a residence order)

The Looked After Children (LAC) Premium is managed by the Head of the Virtual School and schools will receive up to £2,345 for each child who has been looked after for 1 day or more. Further information can be found in the ELAC Virtual School Guide for Schools. Any looked after child attracting the premium, will not be eligible to receive the FSM element as well. If you have any looked after children on roll that are the responsibility of another LA, the funding will come from the home LA rather than NYCC.

Initial allocations have been calculated as follows:

- Free School Meals Ever 6, Service Pupil Ever 6 and Post LAC are based on the January 2019 census multiplied by the 2020/21 unit rate. **These figures will be adjusted later in the summer term once the January 2020 data is made available by the DfE.**
- No data is included for Looked After Children, which will continue to be a termly allocation.

Early Years Funding

Early Years funding is based on each term's headcount. These allocations contained within the indicative budget will be updated following the headcount in May 2020, October 2020 and January 2021. It is therefore important that when you prepare your start budget for 2020/21 it is done on the basis of anticipated funded hours for Summer 2020, Autumn 2020 and Spring 2021. The indicative funding will be updated during the year following each termly headcount.

Children eligible to the Early Years Pupil Premium will attract funding of 53p per hour; this funding will be paid towards the end of each term.

Rent Funding

The restrictions imposed by the DfE mean that it is not possible to provide all schools with funding to match the costs they incur on unavoidable rent expenditure. The rules only allow us to fund schools where the rent funding equates to more than 1% of their delegated budget and we can only fund above 1% if it does not exceed 5% of schools in the local authority. In order to meet the 5% of schools' requirement in 2020/21 the following criteria is used to scale back the number of school: an impact level of over £10,000 or an impact level of greater than 1.5% of budget and greater than £4,500. For any school that meets this criteria their rent funding will show on Part 1 under item 11. Unfortunately, schools where the impact is between 1% of their budget and the levels mentioned above will receive no additional rent funding.

Teachers Pay Grants

The Teachers Pay Grant will support the full year impact in 2020/21 of the costs of the September 2018 and the September 2019 teachers pay award over and above the 1% and 2% increases, respectively, which the DfE have indicated an expectation as being affordable to schools. The DfE have stated: "*We do not intend to increase the pay grant further in respect of the 2020 award, so the 2020 pay award needs to be affordable within the increases in schools' base budgets already announced*". In this respect schools need to assume that the cost pressure associated with the September 2020 teacher's pay-award is met from their 2020/21 funding allocation.

In September 2019 the employer's contribution in relation to teacher's pensions increased from 16.48% to 23.6% from September 2019. Additional grant funding was provided to support this additional cost pressure within the 2019/20 financial year. The DfE have stated that £1.5bn per year will be available for the next 3 years to support this additional cost. However, at this stage no specific detail in relation to the additional funding levels has been provided by the DfE for the

period beyond 1st September 2020. In this regard, schools are advised to assume a cost neutral position until further notification is received.

Other Funding Streams

Whilst it is anticipated that the following grants will continue, no specific funding levels have yet been provided by the DfE for the 2020/21 financial year:

Year 7 Catch Up Premium
Primary PE & Sport Premium
Universal Infant Free School Meals

Schools are advised to assume 2019/20 funding values will continue, until further notification is received.

Inflation and Pay Awards

Attached to this letter are projected inflation rates for 2020/21 which you will need to apply to your 2019/20 budgets in order to retain the same spending power in 2020/21.